

Report to: Environmental Services Scrutiny
Committee

Date: 6th October 2015

Report of: Director of Environmental Services
Borough Treasurer

Report No: ESSC/06/15a

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Report Title: Environmental Services – Finance Report 2015/16 – Quarter One

Non Confidential: This report does **not** contain information which warrants its consideration in the absence of the press or members of the public

Purpose: This report provides the Environmental Services Scrutiny Committee with information relating to the financial quarter one position for the Environmental Services portfolio for the 2015/16 financial year.

Recommendations: It is recommended that the Environmental Services Scrutiny Committee:

- notes the quarter one financial position of the Environmental Services Department

Decision:

Background Doc(s):

(for use on Exec Rep)

Signed:

Leader / Executive Cabinet
Member

Monitoring Officer

Date:

This report does not require an equality impact assessment to be carried out due to being outside the high and medium relevance review requirements

Summary:

This report outlines the financial quarter one position in respect of Environmental Services portfolio for the 2015/16 financial year.

Key Issues**Revenue Expenditure:**

Revenue expenditure is projected to underspend against the budget by £109k after planned reserve movements.

The main variance is in the Albert Halls.

Capital Expenditure:

Capital expenditure as at quarter one was £3.199m against a revised budget at quarter 1 of £30.647m.

Reserves:

The Department has a projected general reserve of £213,536 for the end of the year.

Efficiency targets:

The budgeted efficiency savings for 2015/16 for Environmental Services are £1,700,000.

All planned efficiencies are projected to be achieved.

Risk:

Specific areas of financial risk identified for the year relate to loss of income due to the economic downturn and energy prices for street lighting.

1 Introduction

This report provides the Executive Cabinet Member with the financial position relating to Environmental Services, for quarter one of the 2015/16 financial year.

The information is divided into five elements.

- Revenue expenditure
- Capital expenditure
- Reserve movements
- Efficiency targets
- Areas of financial risk

2 Revenue expenditure

2.1 Revenue budget

The approved revenue budget for the department totals:

Table One: Approved Revenue Budget 2015/16

	<u>£'000</u>
Original Approved Budget 2015/16	28,574
Recharges 2015/16	2,954
Original Manager's Controllable Budget 2015/16	25,620
Strategic Options taken	-1,700
Adjusted Manager's Controllable Budget 2015/16	23,920
Recharges 2015/16	2,954
Adjusted Budget as at Quarter 1	26,874

2.2 In year revenue changes

There has been one budget adjustment made in the first quarter, which is the return of the budget savings option of £1.7m to the corporate centre.

2.3 Financial position – as at quarter one

Table two below outlines the Environmental Services Department's financial position, after movements to reserves as at 30th June 2015.

Table Two – financial position quarter one 2015/16

<u>Service</u>	Net Budget <u>£'000</u>	Projected Outturn <u>£'000</u>	Year End Variance <u>£'000</u>
Standard Spending Accounts			
Highways & Engineering	8,189	8,139	-50
Parking Services	-115	-141	-26
Neighbourhood Services	7,844	7,807	-37
Community Safety & Neighbourhood Management	1,379	1,390	11
Waste	7,956	7,959	3
Trade Waste	0	-39	-39
Civil Contingencies	289	289	0
Bereavement Services	-221	-251	-30
Albert Halls	306	422	116
Subtotal	25,627	25,575	-52
Trading Accounts			
Building Cleaning	275	279	4
School Meals	400	378	-22
Transport	0	-38	-38
Social Needs Transport	-30	-30	0
Supported Employment	80	80	0
Heaton Fold	-3	-4	-1
Security Services	64	-11	-75
Markets	-81	17	98
Subtotal	705	671	-34
Overhead Accounts			
Corporate & Democratic Core	88	88	0
Apportionable Overheads	0	-23	-23
Subtotal	88	65	-23
Cross Departmental	454	454	0
Net Budget	26,874	26,765	-109

Variance analysis

The overall financial position for the department amounts to a projected final outturn position of an underspend of £109k of the net budget.

2.3.1 Standard spending accounts

The quarter one position for the standard spending accounts amounts to a net underspend of £52,000, with one main variance:

Albert Halls £116,000

The Albert Halls closed in February 2015 for refurbishment works.

The impact on the revenue account relating to the closure has been planned for and is reflected within this report.

2.3.2 Trading accounts

The quarter one position in relation to the trading accounts was an underspend of £34,000.

There are no major variances in quarter 1.

3 Saving and efficiency reductions

In setting the Strategic Budget for the year, the department was required to implement £1,700,000 of saving and efficiency reductions.

Action has been taken to implement the reductions and ongoing monitoring of expenditure against specific options has been incorporated into the financial monitoring.

Table 3 below provides details of the approved options. 100% of the approved options are expected to be achieved.

Table Three – Strategic Options 2015/16

Division	Description of Option 15/16	£'000
Highways	Reduction in Insurance Contribution	500
	Electrical Energy	100
	Total Highways	600
Community Services	Reduce subsidy in School Meals	600
Departmental	Joint Wigan Partnership	500
Total Strategic Redirections		1,700

4 Capital programme monitoring

Appendices Ai and Aii outline the capital programme position for the Department for 2015/16 as at quarter one. Capital expenditure at quarter 1 is £3.199m against the revised budget for the year of £30.647m.

4.1 Highway programmes

The highways capital programme achieved spend of £2.282m against a revised projection of £15.837m at quarter 1.

A detailed report of the proposed 2015/16 highways capital programme was presented to the Executive Member on 13 July 2015

4.2 Other departmental programmes

The non-highways capital programme achieved spend of £917k against a revised projection of £14.810m at quarter 1.

Amongst the approved projects in 2015/16 is £6.5m for the Albert Halls refurbishment. Work will commence in 2015/16 and the identified budget will be reprofiled in future quarters to meet planned project expenditure.

4.3 One Off Investment

One off funding has been approved as part of the last three year's strategic budget reports from 2013/14 to 2015/16. The table below shows funding currently earmarked to Environmental Service Areas.

Table Four - One Off Strategic Investment – monitored through the capital programmes

	Balance carried forward from 2014/15 £	2015/16 Actual £
<u>Capital Schemes – approved Cabinet 16/9/13</u>		
Highways Maintenance	0	
Footpaths	327,040	45,791
Greenspace	149,908	
Albert Halls Refurbishment	1,000,000	
	1,476,948	
<u>One Off Resources Schemes - Approved 2013/14 Budget Report to Cabinet 11/02/13</u>		
Sporting / Leisure Facilities	1,276,434	

Approved 2014/15 and 2015/16 Budget Report - Council 26 Feb 2014		
Highways - principle & residential roads	921,957	236,000
	3,675,338	
Approved 2015/16 and 2016/17 Budget Report - Council 25 Feb 2015	<u>New Approvals</u>	
Capital:		
Clean Up of Neighbourhoods	200,000	
Highways match funding	2,500,000	
Road safety near schools	500,000	
Revenue:		
Clean Up of Neighbourhoods	650,000	
	3,850,000	
Total One Off Funds Allocated	9,002,286	281,791

5 Reserve movements

Table five –Reserves position 2015/16 financial year

Environmental Services Reserves	Opening Balance at 1.4.15 £	Requests in Year £	Closing Balance at 31.3.16 £
Legal requirements	(2,855,126)	1,139,000	(1,716,126)
Existing commitments	(4,899,208)	152,505	(4,746,703)
To cover key areas of future spend	(1,813,463)	97,433	(1,716,030)
To cover key areas of risk	(1,109,148)	93,247	(1,015,901)
Service general contingencies	0	0	0
Available for re-allocation	(104,536)	(109,000)	(213,536)
Total ES Reserves	(10,781,480)	1,373,185	(9,408,295)

Outlined above are movements in the Department's reserves for 2015/16 summarised into corporately reported categories based on the reason for holding a reserve. These categories clearly rank the reserves in importance from top down. The in year column represents the impact upon reserves of the final position shown at table two of the report.

A detailed reserve table can be found in appendix B.

The departmental specific reserves are to be used for identified schemes. There are a number of reserves that are significant in value:

Fleet Purchases

A review of the vehicle requirements of services has been undertaken in light of the service reviews that have been undertaken. The programme funded from this reserve is to be rolled out over the year. The Executive Member approved this programme on the 16th June 2014.

Bow Street

Funding has been set aside for site clearance including demolition of the Bow Street car park.

Asset Management

The department has identified a number of schemes that require investment to ensure they do not fall into a state of disrepair or mitigate a potential Health & Safety risk. These schemes will be continued in 2015/16.

LED Street Lighting

The rollout of LED replacement to street lights consist of a £9m investment over three years.

6 Risk areas

During the year a number of potential risks were identified.

6.1 Loss of income due to the economic downturn

This is being felt across the Department, particularly impacting on:

- Highways Developers' income
- Trade waste income
- Reduction in external income as a result of the current financial climate
- Income from Schools
- Impact of the accommodation project on Civic Catering / Albert Halls
- Markets

One of the main risks will be ensuring improvements in satisfaction whilst managing expectations in the current economic climate coupled with the efficiency agenda.

6.2 Increases in energy costs

Environmental Services has a potential risk if energy prices inflate more than anticipated during the financial year. Areas are monitored each month with particular attention being made to street lighting.

6.3 Waste minimization and recycling initiatives

The waste levy has the capability to place an ever increasing strain on the Council's budget, with rising landfill tax levys. The budget could spiral even higher if residents are not continually encouraged to recycle more and reduce their black bin waste quantities. Bolton is actively encouraging recycling initiatives and has begun a door knocking exercise.

7 Conclusions and recommendations

This report has provided information relating to the financial position at quarter one for the Environmental Services portfolio for the 2015/16 financial year. It is recommended that the Environmental Services Scrutiny Committee:

- notes the financial position of the Department as at quarter one

Highways Capital Programme 2015/16

Service/Scheme	Original Allocation 2015/16 £000s	Revised Projection 2015/16 £000s	Q1 Actual Outturn 2015/16 £000s
DfT Highways LTP	3,451	3,188	458
DfT Additional Highways Maintenance	0	339	0
DfT Flood Damage	0	20	143
Concrete lighting columns over 40 years old renewals	1,365	1,295	0
Street Lighting/Carbon reduction CMS	165	81	8
Street Lighting LED Programme	4,425	4,517	450
Surface Water Run Off / Highway Drainage Improvement	100	100	0
Public Rights of Way Improvement Plan	150	150	0
Business Support Systems	32	29	0
Pitt Review	0	12	0
Safety Barrier Replacement Programme	0	35	12
Cycle Lane Improvement	22	1	0
Highways Ashburner Street	0	79	0
Highways Strategic Investment	350	922	236
Footpaths Strategic Investment	100	328	45
Highways Improvements Cabinet Feb 2015	2,500	2,500	0
Road safety near schools Cabinet Feb 2015	500	500	0
Ravenden Clough Culvert (Harricraft Farm)	100	305	184
Mayor Street Surfacing	25	25	0
Wellington Yard Surfacing	25	25	0
LSTF Bolton - Bury Cycle Route	0	632	270
Casualty Reduction	180	173	103
Environment agency (Culvert Investigations & Red Bridge)	3	3	0
Cycle Acces to Town Centre (TfGM)	0	125	15
Local Pinch Point - Logistics North Access (TfGM)	0	453	358
Highways Service Total	13,493	15,837	2,282

Non Highways Capital Programme 2015/16

Service/Scheme	Original Allocation 2015/16 £000s	Revised Allocation 2015/16 £000s	Q1 Actual Outturn 2015/16 £000s
Bow Street demolition	870	250	0
Moss Bank Park Rock Garden	0	2	0
Queens Park (Grant)	900	774	174
Potters Hill	0	12	0
Equipped Play Area Strategy (S106)	168	588	1
Access To Nature	106	164	0
Neighbourhood Services Asset & Infrastructure Programme	200	106	0
Greenspace - Playing Pitches & Changing Facilities	1,080	941	0
Greenspace - Tennis Court Refurbishment/Reinstatement	0	0	0
Greenspace - Multi Use Games Areas	256	256	3
Greenspace - Outdoor Gyms/Health Trails	6	38	0
Greenspace - Parks Facility Improvement	0	39	0
Greenspace - Woodland Family Trail	130	100	0
Replacement of Waste bins	453	487	74
Heaton Cemetery extension	64	57	0
Replacement of Fleet Vehicles (Prudential)	736	736	0
New Waste vehicles	3,010	3,067	578
Vehicle Wash area Improvements	0	87	56
SNT Client Buses	675	0	0
ICT	97	97	0
Property	347	347	0
Emergency Control Centre	0	14	1
Dawes Street Skate Park	0	27	30
Env Health I T	0	1	0
Street scene Cabinet Feb 2015	200	120	0
Albert Halls Refurbishment	6,250	6,500	0
	15,548	14,810	917

Appendix B**Reserves 2015/16**

Environmental Services Reserves	Opening Balance at 1.4.15 £	Inter department Transfer	Requests in Year £	Closing Balance at 31.3.15 £
Model Railway	(18,641)			(18,641)
Graves In Perpetuity (Formerly a Trust Fund)	(297,126)			(297,126)
Asset Management Liability	(2,047,621)		1,139,000	(908,621)
NCP CCTV sinking fund	(486,868)			(486,868)
Proceeds of Crime	(23,511)			(23,511)
Regulatory Services	(367,705)			(367,705)
Emergency Control Centre	(24,000)			(24,000)
Footpath Strategic Improvements	(500,000)		500,000	0
Trading Income Loss	(741,443)		93,247	(648,196)
Highways Works Area Forum	(246,043)			(246,043)
Neighbourhood Management	(333,992)		(100,000)	(433,992)
Community Safety	(524,195)			(524,195)
Halliwell N mgmnt	(49,800)			(49,800)
Farnworth Neighbourhood Mgmnt cont	(7,956)			(7,956)
Reserve Funding for Fleet Purchases	(1,955,390)			(1,955,390)
Bow Street MSCP	(1,070,191)			(1,070,191)
Kitchen Investment	(135,000)		52,383	(82,617)
Cremator	(12,867)			(12,867)
Waste Initiatives	(594,000)		252,505	(341,495)
Winter Maintenance	(132,546)			(132,546)
Health & Safety	(75,000)			(75,000)
LED Streetlighting	(875,000)		(500,000)	(1,375,000)
Pay & Display Contract	(113,000)			(113,000)
War Memorial	(45,050)		45,050	0
Total Specific Reserves	(10,676,945)	0	1,482,185	(9,194,760)
General Reserve	(104,536)		(109,000)	(213,536)
Total ES Reserves	(10,781,480)	0	1,373,185	(9,408,295)